



STATE OF ARKANSAS  
**Department of Finance  
and Administration**

**OFFICE OF THE DIRECTOR**  
**Economic Analysis & Tax Research**  
1509 West Seventh Street, Room 404  
Post Office Box 3278  
Little Rock, Arkansas 72203-3278  
Phone: (501) 682-1688  
Fax: (501) 682-1086  
<http://www.dfa.arkansas.gov>

**MEMORANDUM**

TO: Larry Walther, Director  
Tim Leathers, Deputy Director

FROM: John Shelnett, Economic Analysis & Tax Research

SUBJECT: **General Revenue Report for December (FY 2016)**

DATE: January 5, 2016

Copy: Governor's Office  
Management Services

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**YEAR-TO-DATE REVENUE SUMMARY**

**Year-to-date Net Available General Revenues:** Year-to-date net available general revenues total \$2,581.2 million, which is \$17.8 million or -0.7 percent below year ago levels. After six months into the fiscal year, net available revenue is above forecast by \$66.9 million or 2.7 percent.

**Year-to-date Gross General Revenues:** Year-to-date gross collections total \$3,004.5 million, representing an increase of \$6.0 million or 0.2 percent above last year. Gross general revenues are above forecast by \$85.3 million or 2.9 percent.

**Year-to-date Individual Income Taxes:** Year-to-date individual income tax collections total \$1,359.3 million, \$44.6 million or -3.2 percent below FY 2015 collections and \$37.0 million or 2.8 percent above forecast.

**Year-to-date individual income tax refunds** total \$54.6 million, up \$3.3 million or 6.4 percent compared to last year and \$0.6 million or 1.0 percent above forecast. Amounts above forecast in refund categories decrease net available revenue results.

**Year-to-date Sales and Use Tax Collections:** On a year-to-date basis, sales and use taxes total \$1,161.0 million, an increase of \$50.8 million or 4.6 percent from FY 2015 and \$28.8 million or 2.5 percent above forecast.

**Year-to-date Corporate Income Taxes:** Year-to-date corporate revenues total \$225.2 million, an increase of \$0.8 million or 0.3 percent above year-to-date FY 2015. Corporate income is above forecast by \$10.9 million or 5.1 percent.

**Year-to-date corporate income tax refunds** total \$50.1 million, an increase of \$27.5 million compared to the same year-to-date period last year.

## **DECEMBER REVENUE SUMMARY**

**December Net Available General Revenues** total \$464.1 million, \$18.7 million or -3.9 percent below last year and \$7.7 million or 1.7 percent above forecast.

December results were above forecast in both Gross Revenue and Net Available. The results exceeded forecast in both Individual and Corporate Income tax categories, but fell below forecast in Sales and Use tax.

Collections in December were impacted by a collection timing issue and did not include \$6.4 million in Security Department revenue. That amount will be recorded in January results.

Among smaller revenue sources, Tobacco was above forecast by 4.8 percent (+\$0.9 million) and Games of Skill was above forecast by 16.1 percent (+\$0.6 million).

**December Gross General Revenues:** December collections total \$529.3 million, a decrease of \$12.8 million or -2.4 percent below last year and \$11.3 million or 2.2 percent above forecast.

**December Individual Income Tax** collections total \$230.6 million. Collections decreased by \$2.3 million, or -1.0 percent compared to last year. With respect to the forecast, collections were \$11.3 million or 5.2 percent above forecast. Reduced collections from Withholding tax accounted for the decline from year ago levels.

**December Individual Income Tax Refunds** total \$7.0 million, \$4.8 million above last year and \$4.7 million above forecast. Refund amounts above forecast detract from net available fund results.

**December Sales and Use Tax Collections:** December collections total \$186.4 million, a decrease of \$2.0 million or -1.1 percent below last year. Collections were below monthly forecast levels by \$5.8 million or -3.0 percent. The results largely reflect taxable sales activity in November.

**December Corporate Income Tax** collections total \$80.5 million, a decrease of \$4.8 million from year ago, and \$10.3 million or 14.7 percent above forecast.

**December Corporate Income Tax Refunds** total \$5.8 million. This amount is \$0.6 million above year ago levels. Refunds were \$0.4 million below forecast.

**December Tobacco Tax** collections, a smaller component of general revenue in annual terms, total \$18.7 million. Collections decreased by \$0.2 million or -1.1 percent from year earlier levels and were above forecast by \$0.9 million. Monthly changes in tobacco tax collections can be attributed to uneven patterns of stamp sales to wholesale purchasers.

### **SPECIAL REVENUES OF NOTE**

**Year-to-date Soft Drink Tax (for Medicaid Program Trust Fund):** Year-to-date collections of the dedicated soft drink tax total \$22.4 million, an increase of 5.1 percent from last year.

**Educational Adequacy Fund:** Act 107 of the Second Extraordinary Session of 2003 increased the state sales and use tax rate from 5.125% to 6.0%, effective March 1, 2004. Effective July 1, 2004 a new sales tax on selected services went into effect in addition to an increase in vending machine decal fees. Act 94 increased the minimum corporate franchise tax and the tax rate, effective for calendar years beginning January 1, 2004.

The additional revenues are deposited as special revenues to the Educational Adequacy Fund to be used to fulfill the financial obligations of the state to provide an adequate educational system. In December 2015, \$38.7 million was collected and deposited to the fund. After deductions, the net amount is \$37.5 million. The monthly collection is equivalent to no change from prior year collections.

DECEMBER 2015 YEAR-TO-DATE GENERAL REVENUE REPORT  
ECONOMIC ANALYSIS AND TAX RESEARCH, DFA

FORECAST DATE: 5/6/2015

MILLIONS OF \$

	ACTUAL FY15	FORECAST FY16	ACTUAL FY16	CHANGE FROM FORECAST		CHANGE FROM LAST YEAR	
				DOLLAR DIFFERENCE	PERCENT DIFFERENCE	DOLLAR DIFFERENCE	PERCENT DIFFERENCE
INDIVIDUAL INCOME	1,403.9	1,322.3	1,359.3	37.0	2.8	-44.6	-3.2
CORPORATE INCOME	224.4	214.3	225.2	10.9	5.1	0.8	0.3
SALES AND USE	1,110.2	1,132.2	1,161.0	28.8	2.5	50.8	4.6
ALCOHOLIC BEVERAGE	26.3	26.8	27.0	0.2	0.6	0.7	2.7
TOBACCO	113.4	108.1	113.1	5.0	4.6	-0.3	-0.3
INSURANCE	44.8	44.8	44.2	-0.6	-1.3	-0.6	-1.3
RACING	1.1	0.9	1.0	0.1	11.8	-0.1	-5.5
GAMES OF SKILL	18.4	21.3	26.0	4.7	22.1	7.6	41.3
MISCELLANEOUS <sup>1</sup>	56.0	48.5	47.8	-0.7	-1.5	-8.2	-14.7
<b>TOTAL GROSS</b>	<b>2,998.5</b>	<b>2,919.2</b>	<b>3,004.5</b>	<b>85.3</b>	<b>2.9</b>	<b>6.0</b>	<b>0.2</b>
LESS: SCSF/COF <sup>2</sup>	96.0	93.5	96.1	2.6	2.8	0.2	0.2
INDIV INCOME TAX REFUNDS	51.3	54.0	54.6	0.6	1.0	3.3	6.4
CORP INCOME TAX REFUNDS	22.6	26.7	50.1	23.4	87.6	27.5	121.3
CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ECON DEVEL INCENTIVE FUND	5.5	11.4	4.2	-7.2	-62.9	-1.3	-22.8
WATER/SEWER BONDS	7.6	7.6	7.6	0.0	0.0	0.0	0.0
COLLEGE SAVINGS BONDS	5.2	4.7	4.7	0.0	-0.9	-0.6	-10.6
CITY & COUNTY TOURIST	1.4	0.6	0.5	-0.1	-12.7	-0.9	-62.6
SCHOOL DESEGREGATION	48.2	42.0	41.9	-0.1	-0.3	-6.3	-13.1
EDUCATIONAL EXCELLENCE	148.7	151.2	150.4	-0.8	-0.5	1.7	1.1
EDUCATIONAL ADEQUACY	13.1	13.2	13.3	0.1	0.7	0.1	1.1
<b>NET AVAILABLE</b>	<b>2,598.9</b>	<b>2,514.3</b>	<b>2,581.2</b>	<b>66.9</b>	<b>2.7</b>	<b>-17.8</b>	<b>-0.7</b>

REVENUE FORECAST SUMMARY FOR DECEMBER

YEAR-TO-DATE GROSS	\$ 85.3 MILLION OR 2.9% ABOVE FORECAST
YEAR-TO-DATE NET AVAILABLE	\$ 66.9 MILLION OR 2.7% ABOVE FORECAST

SOFT DRINK EXCISE TAX (MEDICAID PROGRAM TRUST FUND)	<u>YTD FY15</u> 21.3	<u>YTD FY16</u> 22.4	<u>% CH</u> 5.1
EDUCATIONAL ADEQUACY FUND (NET COLLECTIONS)	<u>YTD FY15</u> 224.0	<u>YTD FY16</u> 233.6	<u>% CH</u> 4.3

1) Miscellaneous includes severance, corporate franchise, real estate transfer, dyed diesel, and other miscellaneous taxes.

2) State Central Services Fund and Constitutional Officers Fund.

DECEMBER 2015 GENERAL REVENUE REPORT  
ECONOMIC ANALYSIS AND TAX RESEARCH, DFA

FORECAST DATE: 5/6/2015

MILLIONS OF \$

				CHANGE FROM FORECAST		CHANGE FROM LAST YEAR	
	ACTUAL DEC FY15	FORECAST DEC FY16	ACTUAL DEC FY16	DOLLAR DIFFERENCE	PERCENT DIFFERENCE	DOLLAR DIFFERENCE	PERCENT DIFFERENCE
INDIVIDUAL INCOME	233.0	219.3	230.6	11.3	5.2	-2.3	-1.0
CORPORATE INCOME	85.4	70.2	80.5	10.3	14.7	-4.8	-5.7
SALES AND USE	188.4	192.2	186.4	-5.8	-3.0	-2.0	-1.1
ALCOHOLIC BEVERAGE	4.0	4.2	4.6	0.4	10.5	0.6	16.1
TOBACCO	18.9	17.8	18.7	0.9	4.8	-0.2	-1.1
INSURANCE	0.6	0.6	0.6	0.0	8.2	0.1	10.6
RACING	0.1	0.1	0.1	0.0	24.0	0.0	-0.1
GAMES OF SKILL	1.3	3.6	4.2	0.6	16.1	2.9	214.3
MISCELLANEOUS <sup>1</sup>	10.5	10.0	3.5	-6.5	-64.9	-7.0	-66.6
<b>TOTAL GROSS</b>	<b>542.2</b>	<b>518.0</b>	<b>529.3</b>	<b>11.3</b>	<b>2.2</b>	<b>-12.8</b>	<b>-2.4</b>
LESS: SCSF/COF <sup>2</sup>	17.3	16.6	16.9	0.3	2.0	-0.4	-2.4
INDIV INCOME TAX REFUNDS	2.2	2.3	7.0	4.7	203.8	4.8	221.0
CORP INCOME TAX REFUNDS	5.2	6.2	5.8	-0.4	-7.1	0.6	10.8
CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ECON DEVEL INCENTIVE FUND	0.5	1.9	1.1	-0.8	-44.3	0.6	123.2
WATER/SEWER BONDS	1.2	1.2	1.2	0.0	0.0	0.0	0.0
COLLEGE SAVINGS BONDS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CITY & COUNTY TOURIST	0.0	0.0	0.0	0.0	0.0	0.0	0.0
SCHOOL DESEGREGATION	6.0	6.0	6.0	0.0	-0.3	0.0	0.0
EDUCATIONAL EXCELLENCE	24.8	25.2	25.1	-0.1	-0.5	0.3	1.1
EDUCATIONAL ADEQUACY	2.2	2.2	2.2	0.0	0.7	0.0	1.1
<b>NET AVAILABLE</b>	<b>482.8</b>	<b>456.4</b>	<b>464.1</b>	<b>7.7</b>	<b>1.7</b>	<b>-18.7</b>	<b>-3.9</b>

REVENUE FORECAST SUMMARY FOR DECEMBER

DECEMBER GROSS	\$ 11.3 MILLION OR 2.2% ABOVE FORECAST
DECEMBER NET AVAILABLE	\$ 7.7 MILLION OR 1.7% ABOVE FORECAST

EDUCATIONAL ADEQUACY FUND (NET DEPOSIT, MONTH-TO-DATE)	<u>Dec FY15</u> 37.5	<u>Dec FY16</u> 37.5	<u>% CH</u> 0.0
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1) Miscellaneous includes severance, corporate franchise, real estate transfer, dyed diesel, and other miscellaneous taxes.

2) State Central Services Fund and Constitutional Officers Fund.